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DIARY NOTES

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DD/S [REDACTED]

9 October 1961

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1. I talked with [REDACTED] several times about arrangements for Mr. McCone's entrance on duty. Insofar as his car is concerned I agreed with Jack that it would not be necessary to install a telephone and other equipment in the Mercury which will be made available to him upon his arrival. In fact, if he wants two Cadillacs as has been rumored, we will have to keep the one now used by the Director which, of course, is fully equipped. The Director wants to pay Mr. McCone the highest salary which he can pay him, and at my suggestion it has finally been agreed that he will receive the same salary that the Director receives.

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2. Emmett Echols drafted a letter which the Director signed to Mr. McCone sending him two contracts: One, a consultant contract and the other, a staff employee contract at the \$21,000 rate. As of Friday, 13 October, however, Mr. McCone had decided to come on duty as a consultant rather than a staff employee, and papers which he has signed which will bring this about are en route to Washington. The best information we have now is that Mr. McCone will report to Washington on the twenty-third of October, having attended the [REDACTED] Conference with Dick Bissell. He and Mr. Dulles will leave together on the twenty-ninth of October for [REDACTED] being gone from ten days to two weeks. The date of Mr. McCone's takeover is still indefinite, but I would judge, since it will be almost the fifteenth of November before he will be located in Washington for any length of time, that it may be a month or so after that before he will formally assume the reins as Director of Central Intelligence. This, of course, is pure personal speculation.

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3. I talked to [REDACTED] and advised him of the necessity to replace [REDACTED] as the Project Engineer for DPD's [REDACTED] project. I asked him to start working on this but not to take any final action prior to talking with Jim Garrison, who will not be back on duty until Monday, the sixteenth of October.

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4. [REDACTED] telephoned about several things in connection with the new building:

a. First, Harrison and Abramovitz has now recommended a flat tile covering made up of tiles about the size of a sheet of paper rather than the ceramic tile which had been planned earlier. H. S. has been to New York and observed the trouble personally that they are having with the dome at the Rockefeller Foundation. He and PBS are in agreement that we should go ahead and adopt Mr. Harrison's alternate recommendation. I gave him the green light to approve this on behalf of the Agency.

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b. Second, H. S. advised me that the chairs which were sent down for the USIB Conference Room were really not very comfortable. The Company, therefore, is going to send another sample down soon after making some modifications. I told H. S. to bring it here to East Building so that we could look at it and decide. It is fairly urgent that we get this furniture ordered as soon as possible if it is to be in place in time for the Director's actual move to the new building.

c. H. S. also told me that Miss Quellar did not believe that the gray walls would look nice in the DD/S suite with the gold carpet, drapes, etc., and that the change in color scheme could be accomplished without any additional or at least with a minimum of cost--certainly not more than \$200 for the entire suite. I told him to go ahead and do this.

d. H. S. was somewhat concerned in having been notified by DD/I that the Map Library beachhead did not contemplate moving into the new building. I told him that I would look into this, which I have done; I found that the DD/I area, in fact, does not wish to move in at this time. This is unfortunate inasmuch as the contract to do so has already been let and ~~as~~ this kind of decision could have been made months ago just as well as now. At any rate, I have told H. S. to go ahead and make the necessary changes in schedules, as well as in the contract, and leave the beachhead out of the building for the moment.

5. The Director, Dick Bissell, Ed Saunders, and I attended a meeting at the Bureau of the Budget. Mr. Gilpatric and Ed Lansdale were there from the Department of Defense. The Bureau of the Budget was represented by David Bell, Elmer Staats, Assistant Director Kenneth Hanson, and Bob Macy. H

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Year 1962. If the amount gets bigger than this, the group will have to be convened again to determine the financing. This also is subject to a review by Bob Macy to determine the exact amount which this operation is costing. After this was agreed Mr. Gilpatric and General Lansdale left the meeting.

b. We then discussed the philosophy of the Reserve. Ed Saunders has prepared a more detailed memorandum for the record on this, but to make a long story short, Mr. Bell stated his philosophy concerning withdrawals from the Reserve to be that ~~the~~ Reserve <sup>should</sup> serve in lieu of a supplemental appropriation which the normal Government agency would have and ~~he felt~~ that generally speaking withdrawals from the Reserve

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should be put to the same test that a supplemental appropriation request would be put to for other Government agencies. There was considerable discussion about this whole thing, but in the final analysis both Mr. Bissell and Mr. Dulles agreed with Mr. Bell's philosophy.

c. At the end of this meeting we were advised by Mr. Bell that the President had been shocked at the estimated deficit for Fiscal Year 1962 (\$8.7 billion) and had directed that the Bureau of the Budget take steps to restrict 1962 obligations so as to bring this deficit down to something like \$7 billion. Mr. Bell said that CIA had been tentatively allocated a piece of this pie and that Mr. Macy or members of his staff would meet with us to give us the details.

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6. Later in the day we met with Jim Tschirgi and Irv Lewis and learned that the Bureau did not want us to use \$10 million of our regular operating budget nor [REDACTED] from our Reserve. There were a number of discussions with Dick Bissell, Bob Amory and others on this subject, and at the Deputies' Meeting on Wednesday, 11 October, we suggested that we conform to their request on the Reserve with the understanding that we were not precluded from going to the President with the Bureau of the Budget later if there were developments which justified this. We also decided to propose that we hold back \$5 million from our regular operating budget rather than \$10 million. Mr. Dulles telephoned Mr. Bell at the Deputies' Meeting and agreed on these terms with the understanding, of course, that Project OXCART would be handled separately. The following day Dick Bissell, Ed Saunders, [REDACTED] and I met with Bob Macy and Jim Tschirgi to outline for them the places where we would propose to take these cuts and to explain the OXCART situation. There were no changes in the agreement which was made by Mr. Bell and the Director. As I have already said, Ed Saunders has prepared more detailed memoranda of these several conversations.

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7. [REDACTED] were up to talk to me about several things:

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[REDACTED]

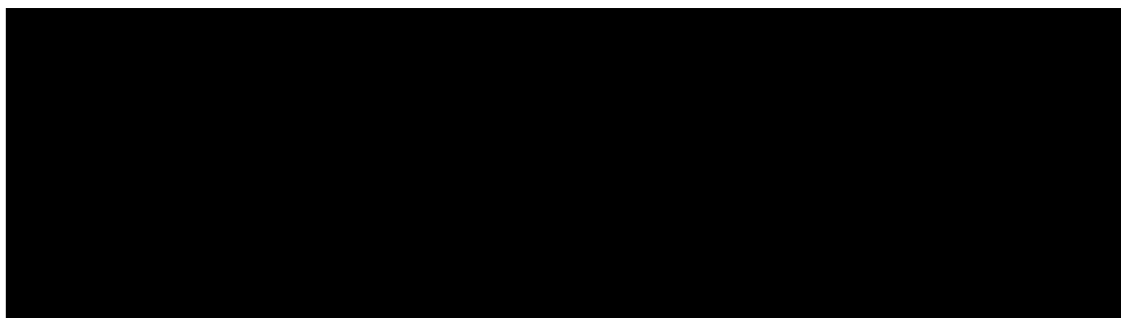
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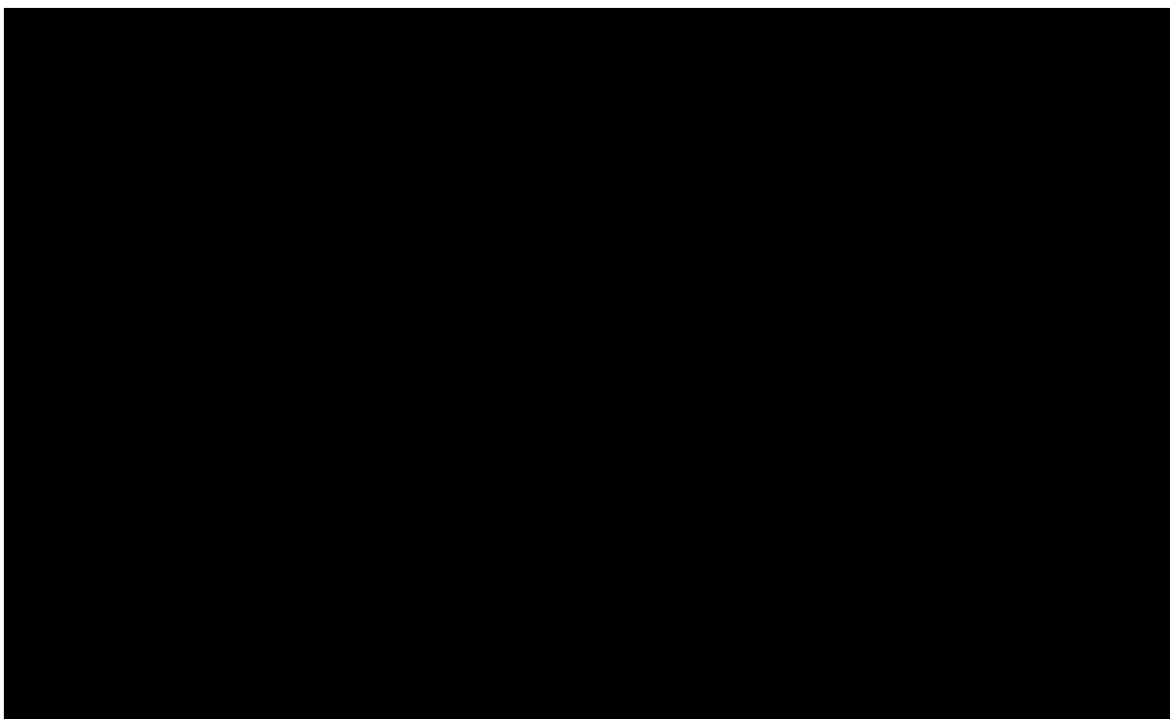
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b. [REDACTED] also brought to me a request from the EE Division that [REDACTED] be sent back to the [REDACTED] Station as Chief of Support. I am reluctant to do this since [REDACTED] would not be making any progress in his own career development. I have the memorandum and undertook to call [REDACTED] and talk to him about it. 25X1A6a

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8. The Director was considerably irked by Marquis Childs's column in the newspaper this morning in which he criticized the Director for not being an administrator. The Director asked for information on personnel statistics, budget, etc., which we furnished him. Apparently, he wanted to use it in connection with a talk he was about to have with Marquis Childs. He gave me to understand that he definitely intended to deal in percentages only and, of course, would not give him the actual figures.

LKW:mam (Tape)

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